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**A PROFESSIONAL ACCOUNTING CORPORATION**

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**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

**FOR THE YEAR ENDED**

**JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-12-05

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**J. K. HAYNES ELEMENTARY CHARTER SCHOOL  
REPORT ON AUDIT OF FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED  
JUNE 30, 2004**

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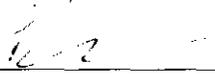
**The Board of Directors  
J. K. Haynes Elementary Charter School  
Baton Rouge, LA**

**INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of **J. K. Haynes Elementary Charter School** a non-profit organization as of **June 30, 2004**; and the related statements of activities and cash flows for the year then ended. The financial statements are the responsibility of **J. K. Haynes Elementary Charter School's** management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred above are presented fairly, in all material respects, the financial position of **J. K. Haynes Elementary Charter School** as of **June 30, 2004**, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
\_\_\_\_\_  
**Bobbie L. Howard**  
**Certified Public Accountant**

**December 17, 2004**

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2004**

**ASSETS**

Cash	\$112,102.71
Due from EBRSB (Note B)	66,920.00
Computers: Net of Depreciation (Note C)	2,000.00
Other Fixed Assets	3,451.76
Other Assets	<u>3,056.00</u>

**TOTAL ASSETS** **\$ 187,530.47**

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Taxes Payable	\$ 10,683.08
Accounts Payable	<u>\$ 31,099.42</u>

**TOTAL LIABILITIES** **\$ 41,782.50**

**NET ASSETS**

Unrestricted Net Assets	<u>\$ 145,747.97</u>
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**TOTAL LIABILITIES AND NET ASSETS** **\$ 187,530.47**

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**The accompanying notes are an integral part of these financial statements.**

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**REVENUE AND SUPPORT**

Contributions and Donations	\$ 66,014.94	
EBSRB (NOTE B)	<u>803,040.00</u>	
<b>TOTAL REVENUE AND SUPPORT</b>		<b>\$ 869,054.94</b> =====

**EXPENSES**

PROGRAM SERVICES:		
Instructional	\$ 273,544.00	
<b>TOTAL PROGRAM SERVICES</b>		<b>\$ 273,544.00</b>
SUPPORTING SERVICES:		
Pupil	\$ 560,074.34	
Non-Instructional	<u>72,128.28</u>	
<b>TOTAL SUPPORTING SERVICES</b>		<b>\$ 632,202.62</b> =====
<b>TOTAL EXPENSES</b>		<b>\$ 905,746.62</b>
<b>CHANGE IN NET ASSETS</b>		<b>(\$ 36,691.68)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>		<b>\$ 182,439.65</b>
<b>NET ASSETS, END OF YEAR</b>		<b>\$ 145,747.97</b> =====

The accompanying notes are an integral part of these financial statements.

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

**CHANGE IN NET ASSETS** (\$ 36,691.68)

Adjustments to Reconcile Change in Net Assets:

**NET CASH USED IN OPERATING ACTIVITIES:**

Depreciation	\$	1,862.94
Increase Due from EBRSB		(2402.00)
Increase in Fixed Assets		(4,314.70)
Increase in Liabilities		<u>11,056.68</u>

**TOTAL ADJUSTMENTS** **\$ 6,202.96**

**TOTAL NET CASH USED IN OPERATING ACTIVITIES**

**NET INCREASE IN CASH** **(30,488.76)**

**CASH AT BEGINNING OF YEAR** **142,591.47**

**CASH AT END OF YEAR** **\$112,102.71**

**The accompanying notes are an integral part of these financial statements.**

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of **J. K. Haynes Elementary Charter School** is presented to assist an understanding of the School's financial statements. The financial statements and notes are representation of the School's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. The School reports to the East Baton Rouge Parish School Board (EBRPSB).

**Nature of Operations**

The Charter School provides educational services for *Kindergarten through Fifth grades*. The School is located at 356 East Boulevard, Baton Rouge, Louisiana in the Mount Zion Building. A Board of Director's chaired by Reverend Nelson Taylor is the immediate oversight authority. The Board consists of fifteen members with the majority of the members domiciled in East Baton Rouge Parish. The Charter School has a director who oversees and manages the daily operations of the School.

**Income Taxes**

The Charter School is a nonprofit organization organized under the State of Louisiana and is exempt from taxation under section 501 (c) (3) of the internal Revenue Code.

**Basis of Accounting**

The financial statements of the School have been prepared on an accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its' Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not for Profit Organizations. Under SFAS No. 117, the school is required to report information regarding its financial position according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2004, the School had no temporarily or permanently restricted net assets.

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Revenue Recognition**

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and or nature of any donor restrictions.

All donor-restricted revenues are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When restrictions expires that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Support and Revenue**

**East Baton Rouge School Board-** The School received an allocation based on the Minimum Foundation Program dollars per child from East Baton Rouge Parish School Board. This amount is allocated per child and is distributed to the School. This amount is offset by certain services provided by the School Board such as transportation and food.

**Other Revenue-** The School also received monies from extended day services for parents needing assistance with children outside of normal school hours. Monies are also received for supplies from students.

**NOTE B: DUE FROM EAST BATON ROUGE SCHOOL BOARD (EBRSB)**

Amounts due from EBRSB (**\$66,920.00**) consist of receivables for funding allocations based on provisions in the charter, net of reimbursed expenditures.

**NOTE C: GIFT OF LONG-LIVED ASSET--AFFECT OF NET ASSETS**

The organization received a donation of ten computers with a fair value of \$5000.00. The donor imposed no restrictions on the donation. The computers will be depreciated using the straight-line method over five years at \$1000.00 per year.

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**NOTE C: GIFT OF LONG-LIVED ASSET--AFFECT OF NET ASSETS**

		<u>No Implied Time Restriction</u>	
		Unrestricted	Temporarily Restricted
<u>Year 3</u>			
Contributions	\$	5,000.00	---
Depreciation		(3,000.00)	---
Reclassification		---	---
Change in Net Assets	\$	2,000.00	
		=====	
<u>Year 4-5</u>			
Depreciation	\$	(1,000.00)	---
Reclassification		---	---
Change in Net Assets	\$	(1,000.00)	
		=====	

**NOTE D: FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE E: OPERATING LEASE**

At June 30, 2002, the School had entered into a non-cancelable operating lease agreement for its facility. The lease is a year-to-year lease. Rental expense for 2004 was **\$53,600.00**.

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**NOTE F: PENSION PLAN**

At June 30, 2004, the School's employees participate in a defined benefit pension plan, The Teacher's Retirement System of Louisiana (TRSL). The plan is a cost sharing multiple employer.

**NOTE G: PENSION PLAN**

The retirement plan--The system is administered and controlled by a Board of Trustees. All teachers are covered under the TRSL's Regular Plan.

**NOTE H: PENSION PLAN**

The system is primarily funded by employees and employer contributions. Contribution rates (as a percent of covered salaries) are established by state law. The School's contributions to TRSL for the year ended June 30, 2004 was equal to the required contribution for the year. At June 30, 2004, the School contributed **\$37,582.11** to TRSL.

**NOTE I: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments has been determined utilizing available market information and appropriate valuation methodologies. The School considers the carrying amounts of cash to approximate fair value.

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### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

#### **To The Board of Directors**

#### **J. K. Haynes Elementary Charter School**

We have audited the financial statements of **J. K. Haynes Elementary Charter School** (a non-profit organization) as and for the year ended June 30, 2004, and have issued my report thereon dated December 17, 2004. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Audit in Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the **J. K. Haynes Elementary Charter School's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the **J. K. Haynes Elementary Charter School's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information management, the board of directors, the Legislative Auditor's of the State of Louisiana, the EBRPSB, and the United States Department of Education and is not included to be and should not be used by anyone other than these specified parties.

**Bobbie L. Howard,  
Certified Public Accountant  
Houma, LA 70360**

**December 17, 2004**

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
FOR THE YEAR ENDED  
*JUNE 30, 2004*

Schedule of Findings and Questioned Costs  
For the Year Ended  
June 30, 2004

**NONE:**

**J. K. HAYNES ELEMENTARY CHARTER SCHOOL**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2004**

**Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended**  
**June 30, 2004**

**NONE:**